



OPTION	EXPLANATION	REQUIREMENTS	SOURCES	ACTIVITY LEVEL	CURRENT TERMS					COMMENTS
					RATES	SIZING	POINTS	TERM (YRS)	AMORT	
CONSTRUCTION LOAN AGAINST TAKE-OUT	Finance project until a permanent loan or pre-sale is funded.	Borrower track record and completion guarantee.	Mostly banks.	Specialized areas only, see comment.	Mostly LIBOR + 175-250bps.	Loan level tied to takeout.	1/4 to 1/2	Tied to completion	Interest only.	- Few takeout alternatives available; mainly for build-to-suit and some apartment projects.
CONSTRUCTION WITH PERMANENT	Single source construction and permanent loan.	Borrower track record, financial strength, and viable project.	Mostly banks, but also some insurance companies.	Fair	Floating rates slightly higher than above. Perm @ swaps +, FHLB +, or fixed rate for full term.	1.20 - 1.25 DCR on projected NOI.	1/4 to 1	Construction period + 5-10 years	Interest only during construction, 20-30yrs for permanent.	- Typically 20%-40% equity depending on recourse level and pre-leasing. - Most loans for apartment projects. - Banks are increasingly conservative because of concerns about market absorption.
OPEN-ENDED CONSTRUCTION LOAN	Finance project <i>without</i> take-out or other repayment source in place.	Experienced sponsor, and project with strong market support.	Mostly banks.	Fair	LIBOR + 200-300bps.	Loan level depends on recourse / pre-leasing.	1/2 to 1	Tied to completion + 6-12 months	Interest only.	- Some pre-leasing required, unless apartments. - Typically 20%-40% equity depending on recourse level and pre-leasing. - Mainly build for sale projects.
INSURANCE COMPANY PERMANENT LOAN	Fixed rate medium to long term financing on stabilized properties.	Typically A & B quality assets in primary markets.	Insurance companies.	Strong	Typically 130-250bps over comparable term or average life Treasuries.	1.25 DCR or 8%-10% debt yield. 65%-75% LTV.	Typically 0	3 to 30	10 to 30 yrs.	- Selective in evaluating asset quality, location and sponsorship. - Non recourse, no operating covenants. - Forward funding commitments up to 12 months by some lenders.
BANK PERMANENT LOAN	Fixed rate up to 10 year financing on leased properties.	Creditworthy sponsor and property of A, B or C quality.	Banks.	Strong	FHLB or swap + 150-250bps.	Typically 1.20-1.25 DCR, 75%-80% LTV.	0 to 1/2	5 to 10	20-30 yrs.	- Recourse likely required, especially over 65% LTV, unless apartments or credit leased. - Ongoing loan covenants usually required.
CONDUIT/CMBS LOAN	Fixed rate 5-10 years on leased properties.	Creditworthy borrower and well maintained property of "B" or better quality.	Investment banks, a few banks and insurance companies.	Good	Swaps + 170-300bps.	1.20-1.25 DCR. 75%-80% LTV.	0	Mostly 10, occasionally 15	25-30	- Full leverage loans in secondary and tertiary markets. - Interest-only readily available. - Offering attractive spreads for lower leverage situations.
FANNIE & FREDDIE (GSEs)	Medium to long term financing for apartment properties & senior housing.	Creditworthy borrower. Apartment property of B quality or better.	DUS Lenders for Fannie and Program Plus for Freddie, also "small balance" lenders.	Strong	180-225 bps over like term Treasury.	1.25-1.30 DCR. 75%-80% LTV.	0 to 1	5 to 30	Typically 30 yrs.	- Small balance loans (up to \$5M) have increasing market presence. -Competative underwriting / pricing for workforce / affordable housing.
FHA	Construction and permanent financing for apartments, skilled nursing, and assisted living.	Feasible property economics. Borrower with clean credit and cash to close.	HUD-approved MAP Lenders.	Good	10 yr Treasury + 75 +/- for 35 year perms + 60bps MIP. 10 yr Treasury + 120 +/- for 40 yr construction perms + 65bps MIP.	1.20 DCR for both permanent and construction.	1 to 2	35yr for permanent, 40yr for construction	35-40 yrs.	- Non-recourse, no operating covenants. - Lower MIP for all affordable projects and for "green" construction. - Attractive prepay provisions. - No affordability requirement. - Davis Bacon wages on construction.
TAX- EXEMPT FINANCING	Tax exempt financing on a long term basis.	Project must be deemed to have public purpose.	State HFA's, bond funds and some banks.	Adequate	Varies widely depending on term and credit enhancement.	1.15-1.25 DCR. 85% LTV.	1 to 2	10 to 40	25 to 40 yrs.	- Most activity is housing or health care related. - Can be structured with or w/o credit enhancement.



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MEZZANINE LOAN	Subordinate loan designed to substitute for a portion of required equity.	Experienced sponsor, intercreditor agreement with senior lender.	Mostly investment funds and a few insurance companies.	Good	Rates range from 6% up to low teens.	Typically minimum 1.10 DCR.	Varies	Matched to senior debt term.	Varies, but usually interest only.	- Available for stabilized, value-add, and new construction. - Most activity in the space caps off at 85% loan to cost, with exit at 75% LTV.
PREFERRED EQUITY	Equity investment with preferred return and participation in cash flows and residual.	Experienced sponsor, property with good development or value-add potential.	Private investment pools and some insurance companies.	Good	6% to 8% preferred return plus share of cash flow and residual.	N/A	N/A	Investment horizon typically 3-5 years.	N/A	- Focus on institutional grade properties. - Target IRR in the 10%-12% range, higher with significant development/tenancy risk. - Capital stack can reach 95% + of cost.
EQUITY JOINT VENTURE	Investor and sponsor co-invest pari passu.	Usually reserved for top sponsors and premier projects.	Private investment pools and some insurance companies.	Fair	N/A	N/A	N/A	Investment horizon typically 5-10 years.	N/A	- Many sources fund debt as well. - Target IRR on equity is in the 8%-10% range, depending upon level of leverage used.
CREDIT TENANT LEASE (CTL) FINANCING	Fixed rate loan terms tied to credit lease.	Long term lease with investment grade tenant.	Privately placed bonds.	Good	Varies with tenant credit and lease term.	As low as 1.01 DCR.	0-1	Tied to lease term; typically 15-25 years.	Matches term.	- Activity today is mostly at higher end of investment grade credits. - Non recourse, no carve outs.
SALE LEASEBACK AND BUILD TO SUIT	Financing technique that allows property user to control property for an extended term through a lease.	Lease of sufficient term providing appropriate return relative to the underlying credit of the lessee.	Investment funds, insurance companies, and REITs.	Minimal	Initial yields of 6%-9%.	N/A	N/A	N/A	N/A	- Pricing depends on lease term and credit strength of tenant. - Rents may be flat or have stepped increases.
OUTRIGHT SALE	A sale of property for cash to a third party investor.	Willing buyer and willing seller.	REITs, institutional and private investors.	Strong	Value typically is a function of capitalizing net operating income (N.O.I.) at 4% to 9% + depending upon the property's type and quality.	N/A	N/A	N/A	N/A	- Buyer interest is strong. - Investors' focus is on cash flowing properties. - Overall IRR targets in the 7% to 10% range.
PRIVATE INVESTOR VEHICLES	Single asset equity investments through LLC, limited partnership, or Delaware Statutory Trust.	A property that has investment appeal based on reliable cash flow and/or tax benefits.	Sponsors who sell partial interests to multiple investors.	Adequate	4%-7% preferred return plus share of cash flow and residual.	N/A	N/A	N/A	N/A	- Typically seeking returns over 5+ years, primarily from cash flow.

bps - basis points
DCR - Debt Coverage Ratio
DUS - Delegated Underwriter Servicer

FHA - Federal Housing Administration
FHLB - Federal Home Loan Bank advance rate
IRR - Internal Rate of Return

LIBOR - London Interbank Offered Rate
LTV - Loan to Value Ratio
MIP - Mortgage Insurance Premium

SWAP - LIBOR Interest rate swap

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